

FDD-PST

From: Thomas Nations [tnations@vdacs.state.va.us]
Sent: Friday, March 17, 2000 3:09 PM
To: fdd-pst@fns.usda.gov
Subject: Comments to Food Distribution 2000

Let me start by saying these comments are from someone with nearly eight years of USDA food distribution experience at the state level working in the Virginia Department of Agriculture. I may not always see the nationwide picture but I am very familiar with the State Distributing Agency (SDA) role in the distribution of USDA donated commodities. Now that time and resource constraints have tempered the Business Process Re-engineering (BPR) effort, it is good to see the results published. My comments focus on section one "Problems in the Commodity Program" and what we see from the state level looking up at section two "Improvements to the Commodity Program."

The problems listed in section one may be true but the severity of their impact at state level differs greatly from state to state. I believe these type of problems occur because we have gotten away from the original dual purpose of the commodity program. That is primarily to support the agricultural producer with a sustainable price for their products so they can stay in business and continue to produce these products efficiently for the world to enjoy. The second part of the purpose and largest beneficiaries of these products are public school children and therefore our largest customers. However, public school children should not be the only potential beneficiaries of donated foods. If public schools are losing their capability to effectively utilize unprepared food products, perhaps secondary outlets for the commodities removed from the market need to be explored. Public schools should remain the primary outlet, but secondary outlets could use the bulk packaged commodities that some schools have difficulty using. Suggested outlets could include our military dining facilities and ship messes, commissaries around the world, prisons and foreign aid efforts. The more money spent to refine, reprocess and create assembly line meal components takes money from market purchases.

I have an excerpt from the testimony of The Honorable Mike Espy, then Secretary of Agriculture before the Subcommittee on Elementary, Secondary and Vocational Education, Committee on Education and Labor, US House of Representatives February 23, 1993 hanging on my door. I read it periodically to remind myself of what I am helping to do. It reads, "From time to time, we all need to be reminded of our roots. One of the roots of today's National School Lunch Program is its agricultural base. Although significant sums go to the National School Lunch Program in cash reimbursements, there is still an additional 14 cents per meal in commodity entitlements, plus bonus commodities. We need to look into ways for those who provide the food and fiber, and those who serve that food on the school lunch line to work more closely. We need to examine areas where cooperative efforts can yield more effective results. Our nutrition programs should not be adversaries to the agricultural community, but allies." Some of the details in this excerpt may no longer be accurate, but the roots of the National School Lunch Program still lead back to the agricultural producer.

My second comment concerns point #13 on the Food Distribution Proposal. There will never be a consistent "one stop shopping" system with a seamless commodity distribution concept (point #7) unless and until the USDA sister agencies either merge their procurement processes or an outside agency such as Defense Logistics Agency (DLA) does the procurement for USDA programs. I doubt DLA is acceptable, so an effort to blend the USDA sister agency procurement practices and processes seems necessary if we will ever achieve this seamless distribution concept. Lead times for submission of delivery orders, annual/monthly procurement cycles, best price/value contracts and even the Electronic Data Interchange (EDI) screens for entering pre-orders all show how profoundly different USDA's procurement practices are for group A and B

foods. Bonus food procurement is in a world of its own. How can USDA ever hope to develop a seamless distribution concept suitable for migration to internet data entry at the customer level if USDA cannot procure food commodities the same way agency wide? Differences between how Group A and B foods are requested, placed on invitation and shipped differ all the way from lead time to status codes. Matching up USDA's rules for requesting the various commodities with all the commercial vendor's distribution system variations into a one stop shopping experience is currently impossible to imagine. Efforts toward National umbrella contracts with processors and expanded substitutability of commodities in processed products will help.

One last point. The expanded use of commercial labels may be a perceived improvement to the commodity program from the recipient's standpoint and the vendor's cost standpoint but it will lead to abuse, fraud and negative publicity some time in the future. State Distributing Agency personnel will not be able to verify inventory or record keeping at the recipient level to prevent losses or abuse. Product holds, recalls and replacements will be more difficult to manage. The money saved will not off set the bad publicity when fraud, theft and misappropriation inevitably happen.

POC for clarification questions is Tom Nations (804) 786-5512 or tnations@vdacs.state.us.va